

## **TRANSPORTATION PERFORMANCE AUDIT BOARD**

Friday, January 7, 2005  
9:00 a.m. - 12:00 Noon  
Puget Sound Regional Council  
Conference Room  
1011 Western Avenue, Suite 510  
Seattle, WA

### **- Minutes -**

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The meeting was called to order by Chair Doug Hurley at approximately 9:10 a.m.  
Members present were: Horn, Hurley, Noguchi, Ostrowski, Perteet, Pyles and Yates.  
Members absent were: Ericksen, Haugen, Hegstrom and Romero.

#### **1. Report of the Chair**

- a. Minutes - The minutes of the December 17, 2004 TPAB meeting were approved.

There was discussion to include more member comments in the minutes. It was decided that bulleted "members comments" will follow each agenda item in the minutes. This approach will begin with the January 7, 2005 minutes.

Chair Hurley announced that Ann Hegstrom has resigned her position on the Board. In addition to filling her seat, two-year members on the Board are nearing the end of their terms. It was suggested that the Governor's Office be notified in advance of the end dates, in order to get the appointment and/or reappointment process started.

As Chair of the Joint Legislative Audit and Review Committee (JLARC), Senator Horn shared that JLARC has participated in four Editorial Boards in order to communicate its work to legislators and the public. He indicated that TPAB had been mentioned and there was a lot of interest in TPAB's work. He strongly suggested that TPAB get involved in Editorial Boards or meetings with the press to talk about TPAB's auditing work.

#### **2. Transmittal Letters and Final Reports on DOL and WSP Reviews/Transmittal Letters on JLARC Management Audits**

Nate Naismith, LTC, presented an overview of the draft Transmittal Letter to the Legislature on the Performance Measure Review of the Washington State Patrol's (WSP) Transportation Programs. Rather than forward the large consultant report to the Legislature, a link to the report will be provided on TPAB's web site.

He indicated that the consultant, René Ewing & Associates, found WSP to be highly evolved in its use of performance measures. WSP has made very good use of its Strategic Advancement Forum (SAF), which provides bureaus the opportunity to communicate with each other and align their efforts with the agency's strategic plan. This process is receiving national attention from other states' law enforcement agencies.

Mr. Naismith also indicated that WSP has used analysis of performance data effectively to manage resources in reducing the backlog of processing criminal records, improving staff training, and strategies used to reduce fuel costs in its use of cars, motorcycles and aircraft.

It was noted by the consultant that WSP is receiving conflicting and confusing messages from the Legislature. The processes for the budget and performance management are not well aligned. The consultant noted that WSP's internal

communications are very effective, however, TPAB concurs with the consultant's recommendation that WSP expand its use of performance measurement data to communicate to external customers via its web site (using the Department of Transportation's Accountability web site and the "Gray Notebook" publication as an example).

Beyond the recommendations of the consultant, the TPAB recommends that a task force be created to address the issue of auto theft, which on an annual basis adds up to \$236 million. Mr. Naismith indicated that WSP staff had expressed support in addressing this issue.

In regard to Information Technology, Mr. Naismith indicated TPAB's support of the consultant's recommendation that any performance audit funding should be used to help subsidize much needed technology improvements to automate some of the manual processes used by WSP.

Member comments:

- Chair Hurley suggested that an abbreviated list of the consultant's recommendations be included in the transmittal letter. Troy Pyles suggested that this list be included as an addendum to the letter. Nate Naismith suggested that the summary of the consultant's recommendations be noted in the letter just prior to TPAB's recommendations. Chair Hurley concurred.
- Tom Noguchi stated that WSP's measures appear to focus more on "quantity" as opposed to "efficiency". He feels TPAB should recommend WSP measures focus more on "efficiency".
- John Ostrowski stated that, although the consultant report found examples of WSP's efficiencies, this is not the same as having an ongoing efficiency management system.
- Chair Hurley asked that Mr. Naismith include in the letter the consultant's findings relative to moving from output measures to outcome measures. Chair Hurley pointed out that his comments also apply to DOL, and need to be noted in the summary report.
- Troy Pyles stated that WSP seems to be measuring against their own past performance, rather than against a target that should be achieved.
- In regard to the auto theft issue, Troy Pyles suggested that WSP's role in reducing auto theft and recovering autos, as well as their funding, should be reviewed. He feels that the WSP is doing what they can with the available funding.
- Senator Horn stated that the agency needs to create a program that shows defined results when seeking funding consideration from the Legislature.

John Ostrowski moved that the Board authorize transmission of the consultant's final report on WSP to the Legislature, and to authorize Chair Hurley to work with Mr. Naismith to create a letter of transmittal that incorporates today's comments without further review of the board. Troy Pyles seconded. Motion carried.

Nate Naismith then presented an overview of the Transmittal Letter to the Legislature on the Performance Measure Review of the Department of Licensing's (DOL) Transportation Programs. Again, rather than forward the large consultant report to the Legislature, a link to the report will be provided on TPAB's web site.

He noted that TPAB recognizes DOL has made significant progress in their implementation of performance measures over the last several years. However, the

board also acknowledges significant opportunities for improvement identified by the consultant, SMG/Columbia Consulting.

Mr. Naismith briefly discussed items that DOL has done well in the past year, particularly the institution of the Licensing Business Review (LBR) process, which the agency is using to communicate performance measure information and create more of a performance measure culture internally. The agency also provided significant training in the LBR process. Although progress has been made to date, the agency's use of performance measures is not fully mature and has room for improvement. Mr. Naismith briefly discussed several areas in where the agency is taking action to correct identified deficiencies, and highlighted areas the consultant identified as primary areas for improvement.

Mr. Naismith indicated TPAB's concurrence in the consultant's findings that DOL does not yet have a single set of oversight measures, or measures that are designed for reporting to the public, the Legislature and the Governor. He also indicated TPAB's concurrence in the consultant's findings regarding DOL's information technology capabilities.

Mr. Naismith then stated that TPAB did not entirely concur in the consultant's recommendation #2, where the consultant calls on DOL and TPAB to agree on a standard performance measure form and reporting structure. TPAB believes any such agreement should be between OFM and DOL.

He then discussed the issue of suspended licenses, noting TPAB's concern that, although licenses are being suspended for various offenses, these suspensions are not resulting in the drivers being removed from the road. TPAB is recommending that DOL put together a short term task force in order to address the enforcement issues relative to license suspension in Washington and suggest approaches to this issue by April 1, 2005.

Member comments:

- Chair Hurley shared DOL's concern with the April 1 date. After discussion, the board agreed that it would expect a system in place by September 1, 2005.
- Chair Hurley then shared DOL's concern of being the lead agency on the suspended license task force, as DOL does not have enforcement authority. The Board agreed that WSP be assigned the lead role.
- Troy Pyles indicated that he is interested in hearing from WSP about how they are addressing or intend to address auto theft, suspended licenses and driving without insurance issues. Senator Horn expressed that unless the public perceives there is a problem in these areas, there will be no action.
- In terms of the future work plan, Chair Hurley asked Cindi Yates, to look into Mr. Pyles' comment regarding the insurance issue.
- Chair Hurley indicated that he would like WSP to talk to the board about what they are doing in regard to the issues mentioned above, either at TPAB's late January or February meeting. He asked that Mr. Naismith work this matter.
- Tom Noguchi expressed that TPAB should own the transmittal letter and its recommendations, and make it stronger by removing all references and quotes of the consultant. Chair Hurley stated that the third party confirmation is important, as that is what TPAB hired the consultant to do. Chair Hurley indicated that an "overlapping" (summary) letter including TPAB's recommendations of all six reports, will address this issue.
- Cindi Yates suggested that, for the record for each recommendation, there should be documentation from the agency that it concurs, does not concur, or partially

concurr, followed by any comments. This would provide TPAB a tool for follow-up efforts.

### **3. Final Reports on JLARC Managed Audits**

Keenan Konopaski, JLARC, presented the proposed final report of the Overview of Washington State Department of Transportation (WSDOT) Capital Project Management. In response to comments made by the TPAB to the preliminary report at its December 17, 2004 meeting, JLARC staff modified some language. Mr. Konopaski discussed those changes and indicated that they are technical and do not change the findings or recommendations.

Mr. Konopaski then discussed the four recommendations, and indicated that WSDOT concurred with all of the recommendations and has agreed to implement each of them.

Member comments:

- Chair Hurley indicated that he has had extensive conversations with both Doug MacDonald and Paula Hammond about these recommendations, and discussed that some programs are in place. However, there may not be actual systems in place. He stated that both Doug MacDonald and Paula Hammond recognize this dilemma.
- Tom Noguchi said he was pleased with the way this report was written, in that it is very concise and captured the key points. Chair Hurley concurred.
- Chair Hurley indicated that a letter of transmittal will be drafted and presented to the board for review at its January 21, 2005 meeting.
- Troy Pyles shared comments regarding critical path schedules and indicated that schedules are not always used in WSDOT. He suggested the use of critical path schedules be added as a recommendation. Mr. Konopaski stated that while this issue has been indirectly addressed under the WSDOT's "Managing Project Delivery Approach," the recommendations provided in the report by JLARC's consultant included items related to critical path scheduling, such as requiring that project engineers have demonstrated knowledge of scheduling theory.
- Chair Hurley expressed the need to capture, in the transmittal letter, each of the recommendations without creating a 50-page document. He will work on this letter with Nate Naismith and Cindi Yates.
- Troy Pyles raised the question of the criteria for hiring WSDOT project managers and what the selection and promotion criteria are. He suggested that this item be added to a future TPAB work plan. Chair Hurley expressed concern with turning every good idea into a new study. He then asked Troy Pyles to review Gannett Fleming's recommendations to determine whether or not the points he raised are incorporated and communicate any needed additions to Keenan Konopaski. Any additions will be brought before the board at its next meeting.

Steve Lerch, JLARC, presented the proposed final report of the Overview of Environmental Permitting for Transportation Projects. In response to comments made by the TPAB to the preliminary report at its December 17, 2004 meeting, Mr. Lerch discussed the changes that have been made.

He stated that there was general concurrence by the agencies (WSDOT, Department of Ecology and Department of Fish & Wildlife) on most of the recommendations. He briefly outlined those areas where there was partial concurrence, and also noted that WSDOT suggested adding an additional recommendation.

Member comments:

- Chair Hurley expressed that programmatic permitting is largely accomplished, with only a couple gaps left. He suggested that, as part of the work plan for next spring, this issue be reviewed further.
- Rich Perteet stated that he believes there is a misconception on how much money will be saved with permit streamlining. Chair Hurley suggested that TPAB could use the next phase to get more precise about the business processes and the dollars assigned to those processes, and begin to describe and/or investigate the overlapping complications of funding and design, so TPAB would have a qualitative ability to describe the factors.
- Tom Noguchi expressed concern that decisions are often made before the environmental process begins. If issues arise once the process begins, the result is having to go back to the planning phase. He would like to see more collaborative and upfront planning. He suggested making WSDOT's suggested recommendation on Page 44 of the proposed final report and making it TPAB's recommendation #5. Chair Hurley concurred.

#### **4. Work Plan for Spring 2005 and 2005-07**

Chair Hurley suggested two items for the next work plan -- continuing focus on permitting and a business process evaluation of all the overlapping accountability processes.

Chair Hurley and Cindi Yates have been working to put together a 6-year plan for TPAB in where one phase would be to look at all the transportation agencies, but also leave enough room in the structure so that emerging issues could be audited as well. As part of the cycle, a scorecard approach of the capital construction processes will be conducted every two years and will include looking at budget, schedule and scope, and also doing some performance audit work on a regular basis to review how Washington State is progressing on hitting benchmarks. Ms. Yates also recommended that follow-up with the agencies every one or two years be included in the 6-year plan.

Chair Hurley pointed out that by statute, TPAB is required to look at the smaller agencies as well. These include the Transportation Improvement Board, the Freight Mobility Strategic Investment Board, the County Road Administration Board and the Washington State Traffic Safety Commission. This plan will include these agencies.

John Ostrowski referred to a report that WSDOT presented at a previous TPAB meeting entitled "Highway Construction Costs" dated July 12, 2004. The report indicated that FHWA does not have a current report on benchmarking and cost per mile, but indicated they are currently working on a report which will be available in late 2004. Mr. Ostrowski requested the status of that report. Don Griffith, WSDOT, agreed to look into this issue and get back to the board.

Troy Pyles suggested that the board put together a mini-study schedule to include: Policy, Training, Hiring and Promotion Standards, Use of Workdays vs. Calendar Days in establishing the duration of Capital Projects, and Use of Advertisement Dates vs. When Awarded or Notice to Proceed Dates.

Tom Noguchi stated that he would like the board to study the Planning and Program Development process. Because this issue is so large, Chair Hurley suggested that Mr. Noguchi and Mr. Ostrowski work together to narrow the topic and come back with a recommendation.

Tom Noguchi made a motion to move forward with the two items Chair Hurley suggested for the next work plan -- the continuing focus on permitting and a

business process evaluation of all the overlapping accountability processes. John Ostrowski seconded.

Troy Pyles said he does not want to move forward with the permitting audit because he believes the department is already working this issue, it only affects three percent of WSDOT's projects per year, and the department already knows what causes permitting extensions. He does not feel that TPAB could suggest anything that would help the improvement of WSDOT projects. He motioned that the board delete the environmental permitting audit from the original motion. There was no second to the motion. Tom Noguchi's original motion carried.

Chair Hurley asked that Cindi Yates move forward in developing a scope of work and set of objectives for these items.

**5. Discussion and adoption of meeting dates for 2005**

A list of the 2005 TPAB meeting dates was distributed to members.

**6. Summarization of Decisions/Next Actions**

Senator Horn indicated that this is his last TPAB meeting and wanted to pass on to the members that he's been very impressed with the work of the board, and appreciative of the knowledge each member brought to the board. Chair Hurley thanked Senator Horn for his contribution to transportation and stated that he will be missed.

The next meeting will be held on January 21, 2005 in Conference Rooms A/B/C of the John A. Cherberg Building in Olympia.

The meeting was adjourned at 12:10 p.m.